

Exhibit No. 11Date 4.8.09Amendments to House Bill No. 645  
3rd Reading CopyBill No. HB 645

Requested by Senator John Esp

For the Senate Finance and Claims Committee

Prepared by Greg Petesch  
April 8, 2009 (8:38am)

1. Title, line 10.

**Following:** "CYCLE;"**Insert:** "CLARIFYING THE PAYMENT OF SCHOOL DISTRICT EMPLOYEE  
RETIREMENT COSTS FOR THE ENSUING BIENNIUM;"

2. Title, line 17.

**Following:** "17-7-502,"**Insert:** "20-9-501,"

3. Page 6, line 17.

**Strike:** "51"**Insert:** "52"

4. Page 7, line 14.

**Strike:** "51"**Insert:** "52"

5. Page 12, line 11.

**Strike:** "23"**Insert:** "24"

6. Page 13, line 6.

**Insert:** "**Section 8.** Section 20-9-501, MCA, is amended to read:

**"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management board of a cooperative employing personnel who are members of the teachers' retirement system or the public employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a). The district's or the cooperative's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's or the cooperative's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and

regulation. The district's or the cooperative's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the retirement fund for the following:

(i) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from state or local funding sources;

(ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the cooperative's interlocal cooperative fund if the fund is supported solely from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321, or are paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the medicaid program, pursuant to 53-6-101;

(iii) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the district's school food services fund provided for in 20-10-204; and

(iv) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514; and

(v) for the 2011 biennium only, a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are budgeted in the district general fund but are paid from state fiscal stabilization funds received pursuant the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

(b) For an employee whose benefits are not paid from the retirement fund, the district or the cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the funding source that pays the employee's salary.

(3) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(4) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the

retirement fund during the ensuing school fiscal year;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;

(iv) countywide school retirement block grants distributed under 20-9-631;

(v) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (9), subtracting the money available for reduction of the levy requirement, as determined in subsection (4)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(5) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(6) The county commissioners shall fix and set the county levy or district levy in accordance with 20-9-142.

(7) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(8) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the

same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(9) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (5)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(10) The levy for a community college district may be applied only to property within the district.

(11) The county superintendent of each county shall submit a report of the revenue amounts used to establish the levy requirements for county school funds supporting elementary and high school district retirement obligations to the superintendent of public instruction not later than the second Monday in September. The report must be completed on forms supplied by the superintendent of public instruction."

{Internal References to 20-9-501:

17-3-213 x      19-20-605x      20-3-209x      20-6-702x }"

**Renumber:** subsequent sections

7. Page 33, line 5.

**Strike:** "51"

**Insert:** "52"

8. Page 36, line 14.

**Strike:** "51"

**Insert:** "52"

9. Page 43, line 15.

**Strike:** "51"

**Insert:** "52"

10. Page 43, line 18.

**Strike:** "51"

**Insert:** "52"

11. Page 48, line 8.

**Following:** "void"

**Insert:** ";

(e) to the office of public instruction for BASE aid, then the general fund appropriation is reduced by \$12,763,569 in FY 2010 and \$13,216,482 in FY 2011; and

(f) to office of the commissioner of higher education for appropriation distribution transfers, then the general fund appropriation is reduced by \$31,605,482 in FY 2010 and \$31,605,482 in FY 2011"

12. Page 48, line 11.

**Strike:** "51"

**Insert:** "52"

13. Page 49, line 13.

**Strike:** "51"

**Insert:** "52"

14. Page 50, line 9.

**Strike:** "51"

**Insert:** "52"

15. Page 50, line 20.

**Strike:** "51"

**Insert:** "52"

16. Page 51, line 6.

**Strike:** "51"

**Insert:** "52"

17. Page 51, line 13.

**Strike:** "51"

**Insert:** "52"

18. Page 51, line 15.

**Strike:** "10"

**Insert:** "11"

**Strike:** "11"

**Insert:** "12"

19. Page 51, line 16.

**Strike:** "10"

**Insert:** "11"

**Strike:** "11"

**Insert:** "12"

20. Page 51, line 17.

**Strike:** "14"

**Insert:** "15"

21. Page 51, line 18.

**Strike:** "14"

**Insert:** "15"

22. Page 51, line 19.

**Strike:** "23"

**Insert:** "24"

23. Page 51, line 20.

**Strike:** "23"

**Insert:** "24"

24. Page 51, line 21.

**Strike:** "25 AND 26"

**Insert:** "26 and 27"

25. Page 52, line 1.

**Strike:** "25 AND 26"

**Insert:** "26 and 27"

26. Page 52, line 10.

**Strike:** "16 AND 18"

**Insert:** "17 and 19"

27. Page 52, line 13.

**Following:** "8,"

**Strike:** "12, 13, 15 THROUGH 22, AND 27 THROUGH 29"

**Insert:** "9, 13, 14, 16 through 23, and 28 through 30"

28. Page 52, line 16.

**Strike:** "51"

**Insert:** "52"

29. Page A-2, line 16.

**Strike:** "798,496    798,496" [federal special fund FY10 and FY11]

**Insert:** "798,496    798,496" [general fund FY10 and FY11]

30. Page B-4, line 6.

**Strike:** "1,000,000    1,000,000" [federal special fund FY10 and FY11]

**Insert:** "1,000,000    1,000,000" [general fund FY10 and FY11]

31. Page E-2.

**Following:** line 12

**Insert:** "j. Stabilization Funding for K-12 Education

12,763,509    13,216,482" [federal special fund FY10 and FY11]

"k. Increase State Support for Schools With Education Stabilization Funds

10,724,262    21,713,034" [federal special fund FY10 and FY11]

32. Page E-3.

**Following:** line 3

**Insert:** "For the 2011 biennium, the first source of funding of the school district guaranteed tax base aid and direct state aid is the federal appropriation for Stabilization Funding for K-12 Education."

33. Page E-4, line 4.

**Strike:** "1,000,000 1,000,000" [federal special fund FY10 and FY11]

**Insert:** "1,000,000 1,000,000" [general fund FY10 and FY11]

34. Page E-4, line 6.

**Following:** "Assistance"

**Insert:** " - Restore to Governor's December 15 Budget"

35. Page E-4, line 7.

**Strike:** "606,189 671,586" [federal special fund FY10 and FY11]

36. Page E-4, line 8.

**Strike:** "700,000 700,000" [general fund FY10 and FY11]

**Insert:** "606,189 671,586" [general fund FY10 and FY11]

37. Page E-4.

**Following:** line 8

**Insert:** "b. Community College Assistance

137,944 113,299" [general fund FY10 and FY11]

"562,056 586,701" [federal special fund FY10 and FY11]

**Renumber:** subsequent subsections

38. Page E-4, line 10.

**Strike:** "776,851 824,024" [general fund FY10 and FY11]

**Insert:** "776,851 824,024" [federal special fund FY10 and FY11]

39. Page E-4, line 12.

**Following:** "Resident Students"

**Insert:** "Funded With Education General Funds"

40. Page E-4, line 13.

**Strike:** "5,000,000 5,000,000" [federal special fund FY10 and FY11]

**Insert:** "3,154,033 2,506,230" [general fund FY10 and FY11]

41. Page E-4, line 15.

**Strike:** "44,076,457 45,074,019" [federal special fund FY10 and FY11]

**Insert:** "31,605,482 31,605,482" [federal special fund FY10 and FY11]

42. Page E-4, line 16.

**Following:** "Resident Students"

**Insert:** "Funded With General Government State Fiscal Stabilization Funds"

43. Page E-5, line 1.

**Strike:** "4,103,549 4,103,549" [general fund FY10 and FY11]

**Insert:** "5,966,490 6,580,345" [federal special fund FY10 and FY11]

44. Page E-5.

**Following:** line 7

**Insert:** "g. Replace 6-Mill Levy Revenue Shortfall With Federal General Stabilization Funds

1,447,296 1,046,625" [federal special fund FY10 and FY11]

45. Page E-5, line 10.

**Strike:** "450,000 450,000" [federal special fund FY10 and FY11]

**Insert:** "450,000 450,000" [general fund FY10 and FY11]

46. Page E-6.

**Strike:** line 11 through line 12 in their entirety

47. Page E-6.

**Following:** line 12

**Insert:** "For OCHE-Appropriation Distribution Transfers, the House Bill No. 2 base state special revenue fund appropriations for transfers are reduced by \$1,447,296 in FY 2010 and \$1,046,625 in FY 2011."



48. Page E-6.

**Following:** line 15

**Insert:** "Any local education agency or institution of higher education that receives funding under this program shall ensure that the agency or institution will meet the intentions and legal requirements of the American Recovery and Reinvestment Act of 2009, Public Law 111-5."

49. Page F-1, line 4.

**Following:** "Program"

**Insert:** "Transfer"

50. Page F-1, line 6.

**Strike:** "6,744,914    6,744,914" [federal special fund FY10 and FY11]

**Insert:** "6,744,914    6,744,914" [general fund FY10 and FY11]

51. Page F-1, line 15.

**Following:** "Improvements"

**Insert:** "Transfer"

52. Page F-1, line 16.

**Strike:** "11,000,000    11,000,000" [federal special fund FY10 and FY11]

**Insert:** "6,150,000    6,150,000" [general fund FY10 and FY11]

**Insert:** "4,850,000    4,850,000" [federal special fund FY10 and FY11]

53. Page F-2, line 1.

**Following:** "Hall"

**Insert:** "Transfer"

54. Page F-2, line 2.

**Strike:** "3,000,000    3,000,000" [federal special fund FY10 and FY11]

**Insert:** "3,000,000    3,000,000" [general fund FY10 and FY11]

- END -

Explanation - This amendment implements the OBPP proposal to revise the State Fiscal Stabilization Funding from the American Recovery and Reinvestment Act of 2009.